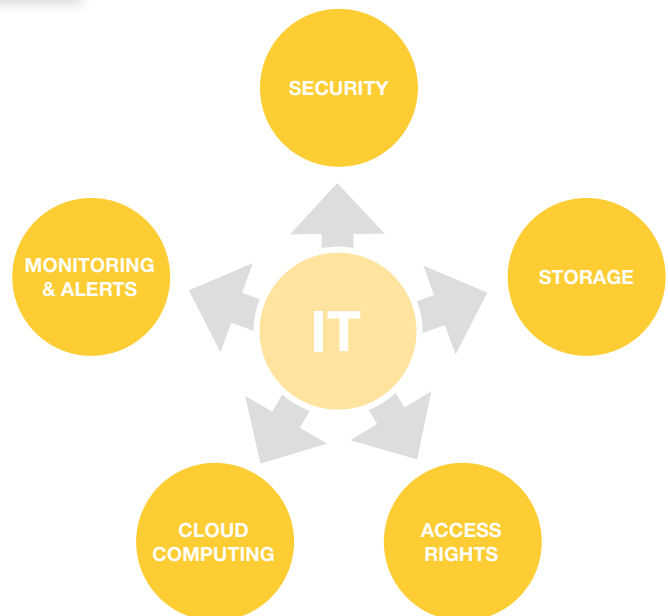


IT infrastructure and outsourcing

IT infrastructure on the radar

In recent years, the Commission de Surveillance du Secteur Financier (CSSF) has published several texts imposing new rules on the IT infrastructure and IT outsourcing of regulated entities in Luxembourg. While there are still differences between the treatment of PFS, banks and investment fund managers, the CSSF has begun to align the rules applicable to these entities across the market, and is expected to continue.

Firms that have already put a lot of work into their IT infrastructures still have much to do, and those that have neglected IT and outsourcing in favour of other issues have even more. Simple reliance on the group is no longer an option.



The rules are still principles-based while concrete and precise requirements in the legislation and regulations remain few and far between. This creates a particular challenge in view of the diversity of IT infrastructure setups. What's more, industry standards are a moving target, as the sector is still in the process of comprehending and accommodating the stricter expectations of a regulator that is becoming increasingly interested in IT setups, both on application forms and during on-site visits.

The many circulars published and since amended (12/552, 18/698, 17/656, 17/654, etc.) have not gone so far as to bring about a revolution in the rules applicable to regulated entities. However, the trend to align these rules across all types of entity paired with the current focus on IT should be invitation enough to re-evaluate existing IT infrastructures, in an effort to rule out unpleasant surprises. Indeed, even smoothly operating infrastructures should be revisited to ensure compliance with the more stringent regulatory requirements.

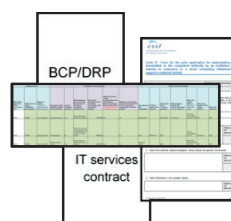
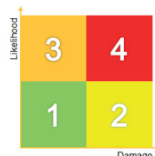
Re-evaluation needed

MAPPING

RISK ASSESSMENT

DOCUMENTATION

AUTHORISATION / NOTIFICATION



Focus areas

- ✓ **Mapping:** The key to compliance is maintaining a critical understanding of your IT infrastructure. We can help you identify which aspects of IT are relevant (general architecture and tools, software, outsourcing, sub-outsourcing), which internal appointments you must make (IT Officer, IT Security Officer, Cloud Officer, Resource Operators) and which regulatory texts you must respect.
- ✓ **Risk assessment:** The essential question to ask is: What happens to the business if ...? What if access to key tools is cut? What if my cloud provider terminates my contract? What if confidential data is leaked? What if I'm the target of viruses or malware? We can help you assess the inherent risks and plan ways to mitigate them, preventing negative impacts on your business and clients. This also allows you to determine which outsourcing is material, and predict whether any carve-outs from certain regulatory requirements might be granted on the basis of proportionality.
- ✓ **Documentation:** Without strong accompanying documentation, energy poured into the above tasks will be in vain. Your efforts and compliance with IT rules must be demonstrable, requiring a number of further documents: IT-specific due diligences and ongoing monitoring of service providers, materiality assessments, IT contracts meeting the particular demands of the CSSF, mandatory CSSF registers, BCPs/DRPs, IT policies, and more. We can help you navigate this maze of compulsory and recommended documentation.
- ✓ **Authorisation and notifications:** Which of your arrangements require CSSF authorisation? For which will a simple notification suffice? When are the deadlines for submission? Which forms should you use? And what about client consent?



If you want to:

- Ensure you are aware of the risks inherent to your setup
- Understand which documentation the CSSF wants you to retain, and how
- Know what to do in the event of IT issues and hiccups
- Determine whether your IT and cloud service providers qualify as delegates
- Assess the materiality of outsourcings and any CSSF notification or approval requirements



**Then
talk
to us!**

For more information, contact us at IToutsourcingARC@arendt.com

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